



Department of Justice

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DISTRICT OF NEBRASKA

Omaha Woman Sentenced For Making False Statements on a Corporate Tax Return

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United States Attorney Deborah R. Gilg announced that Linda Swain-Armstrong, 61, of Omaha, Nebraska., was sentenced on July 19, 2011, to four years probation by Chief United States District Judge Joseph F. Bataillon, for making false statements on a Form 1120, U.S. Corporation Income Tax Return she filed for Swain Construction, Inc. As part of her probation, Swain-Armstrong will be required to serve eight months on home detention and to pay restitution to the Internal Revenue Service in the amount of \$103,880.04. Additional special conditions of probation require Swain-Armstrong to comply with all IRS rules and regulations regarding both her corporate returns and her personal returns. This requirement specifically includes an obligation to pay an unrelated personal obligation to the Internal Revenue Service in the amount of \$263,998.72.

During the years 2002 through 2005, Swain-Armstrong took selected checks from customers of Swain Construction to a local check cashing location in order to obtain large amounts of cash. The cash was used to pay a significant number of employees of Swain Construction who were paid only in cash. Swain-Armstrong then caused employees to delete references to the cashed checks and any related invoices from the company's computer accounting system.

Swain-Armstrong used an accounting firm to prepare the corporate tax returns for Swain Construction. Since the cashed checks were omitted from the ledgers, the accountants were unaware of the income and did not include the amount of the cashed checks on the gross receipts section of the Swain Construction corporate tax returns. By understating the gross receipts and paying certain workers in cash, Swain-Armstrong was also able to under-report the amount of payroll expense incurred by Swain Construction without alerting the IRS. The reported payroll expense was under-reported to the IRS by the amount of the cashed checks. As a result, the amount of employment tax Swain Construction paid was less than the amount that would have been owed had the employee expenses been properly reported. The loss to the IRS in unpaid unemployment taxes was \$103,880.04. Swain-Armstrong signed the corporate tax returns for Swain Construction under a declaration of perjury despite knowing the returns were not true and correct as to every material matter.

This case was investigated by the Criminal Investigation Division of the Internal Revenue Service and the Federal Bureau of Investigation.

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